

**GB Cod Fixed Gear Sector
Fishing Year 2008-2009
Operations Plan and Agreement**

This OPERATIONS PLAN AND AGREEMENT (this "Agreement") is entered into as of this ____ day of _____, 2008 by and among the permit owners listed on the signature pages hereto and any other permit owners that are admitted pursuant to the terms of this Agreement (each, a "Member" and, collectively, the "Members").

RECITALS

WHEREAS, under Amendment 13 to the Northeast Multispecies Fishery Management Plan (such amendment shall hereinafter be referred to as "Amendment 13" and the plan shall be referred to as the "Plan"), and the regulations promulgated thereunder, a self-selecting co-operative, or "sector," of fishermen is authorized to submit to the New England Fishery Management Council (the "Council") a proposal for the allocation of catch or effort of a regulated groundfish species to such sector;

WHEREAS, the Members applied to the Council for the creation of a sector of Georges Bank ("GB") cod fixed gear fishermen, and, on February 1, 2006, the Council adopted Framework Adjustment [42] (the "Framework Adjustment") authorizing such sector and an allocation of GB cod to such sector;

WHEREAS, the Regional Administrator of the National Marine Fisheries Service ("NMFS") is authorized under the Plan, Amendment 13 and the regulations promulgated thereunder to consider and approve a legally binding operations plan for such sector;

WHEREAS, the Members desire to form the sector contemplated by the Framework Adjustment through GB Cod Fixed Gear Sector Inc. (the "Sector"), for the purposes of establishing a legally responsible entity (i) to obtain an aggregate annual sector allocation of GB cod from NMFS, as authorized by the Framework Adjustment, and to sub-allocate such aggregate sector allocation among the Members and/or their permits and vessels, (ii) to participate in Special Access Programs ("SAPs") in closed areas to the extent that such SAPs are available to the Sector and (iii) to take such actions as may be necessary to ensure that the Sector, its Members and their vessels conduct groundfish harvesting activities in compliance with the Plan, Amendment 13, the Magnuson-Stevens Fishery Conservation and Management Act (the "Act"), the Framework Adjustment, and applicable regulations promulgated by NMFS;

WHEREAS, in connection with the formation of the Sector, one of the Members executed that certain Operations Plan and Agreement, dated as of November 22, 2006 (the "Original Agreement"); and

WHEREAS, the Members desire to amend and restate the Original Agreement to make certain adjustments thereto and to the Members' obligations thereunder, in order to account for the circumstances of the 2008-2009 fishing year.

NOW, THEREFORE, in consideration of the mutual agreements, covenants, rights and obligations set forth in this Agreement, the benefits to be derived therefrom and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound hereby, agree as follows:

Article I. Representations and Warranties of the Members. As of the date hereof, each of the Members represents and warrants to the other Members and the Sector that:

Section 1.01. Eligibility. Each Member has been issued a limited access multispecies permit, which (i) is based on a documented landing of GB cod between May 1, 1996, and April 30, 2002, which are the 1996 through 2001 fishing years (such period of time shall hereinafter be referred to as the "Qualifying Period"), (ii) is related to a minimum of 5,000 pounds of regulated species landings in the baseline year during the Qualifying Period and (iii) has received an allocation of "A" or "B" Days-At-Sea ("DAS") from NMFS under Amendment 13 for the 2007 fishing year. Each such permit, which meets the criteria set forth in the foregoing sentence and which the Member intends to enroll in the Sector, is listed below such Member's name on the signature pages hereto (each, a "Permit"). Further, each Member has assigned its Permit to a Participating Vessel, which is listed below such Member's name on the signature pages hereto along with the corresponding Permit. Notwithstanding the list of Participating Vessels set forth on the signature pages hereto, for purposes of this Agreement, "Participating Vessel" shall mean the vessel to which a Member's Permit applies at any given time.

Section 1.02. Organization and Authority. Each Member (i) to the extent that it is an entity, is duly organized, validly existing and in good standing in its state of organization and (ii) has all authority, corporate or otherwise, to enter into this Agreement on its own behalf and on behalf of the Participating Vessels that it represents. This Agreement constitutes a legally valid and binding obligation of each Member, enforceable against such Member in accordance with its terms. Each of the Members represents that its Participating Vessel(s) and Permit(s) have no sanctions or other restrictions against them that would prevent such Participating Vessels and Permits from enrolling in the Sector and/or complying with the terms of this Agreement.

Article II. Membership

Section 2.01. Voluntary Membership. Participation in the Sector is completely voluntary among the Members, their Permits and the related Participating Vessels.

Section 2.02. Scope of Membership Obligations. The obligations of the Members set forth in this Agreement shall only apply to the Permits and

Participating Vessels (and not to any other permits or vessels owned by the Members that are not enrolled in the Sector pursuant to the terms hereof) to the extent that such Permits or Participating Vessels are fishing commercially (i) in the Area (as hereinafter defined) and (ii) with gear that is capable of harvesting GB cod or other groundfish species managed under the Plan. Notwithstanding the foregoing, the Members acknowledge and agree that the Sector and its Members may, from time to time, be permitted to participate in certain Special Access Programs (each an “SAP”) and that it may be necessary to expand the scope of the membership obligations hereunder, in order to ensure that the Sector and its Members are in compliance with the rules, regulations, and legislative intent relating to each such SAP. Therefore, the Members hereby agree to execute any amendments or supplements to this Agreement, which may reasonably be requested by the Sector or the Sector Manager in order to comply with the rules, regulations, or legislative intent relating to any such SAP, including, without limitation, any amendments or supplements that expand the scope of the membership obligations hereunder to apply to vessels and/or permits that are not enrolled in the Sector.

Section 2.03. Length of Commitment. Each Member hereby agrees to cause each of its Permits and the related Participating Vessels to remain enrolled in the Sector for the entire fishing year following the date on which such Member enrolled in the Sector (the “Commitment Period”); provided, however, that if NMFS shall not approve the Sector’s Operations Plan and Agreement, as the same may be amended, for any fishing year during a Member’s Commitment Period, then the obligation of such Member under this Section 2.03 shall terminate on the last day of the last fishing year for which the Sector’s Operation Plan and Agreement shall have received approval from NMFS. Each Member further agrees that if its Permit leaves the Sector for any reason during the Commitment Period, (i) such Member shall be subject to the penalty or penalties described on the Schedule of Penalties (as hereinafter defined) and (ii) such Member, its Permit and the related Participating Vessel shall be ineligible to participate in the Sector for a period of five (5) years following the date of such departure from the Sector. Each Member acknowledges and agrees that 50 CFR Part 648.87 requires that each of its Permits and the related Participating Vessels must remain in the Sector for the entire fishing year in which such Permits and/or Participating Vessels are enrolled in the Sector, and that each Member’s Participating Vessels may not fish outside the Sector under a multispecies DAS program during any fishing year in which its Permits and/or Participating Vessels are enrolled in the Sector. Notwithstanding anything to the contrary in this Section 2.03, no Member shall be prohibited from making a substitution of an enrolled Permit or Participating Vessel pursuant to Section 2.07 hereof.

Section 2.04. New Members. The owner of a permit that is eligible under the criteria set forth in Section 1.01 hereto, but that is not enrolled as a Member (and/or whose permit is not so enrolled) may apply to the Board (as hereinafter defined) for membership in the Sector. Such application shall be made in writing no later than 120 calendar days prior to the first day of the fishing year for which the applicant seeks to be included as a Member (and/or seeks to have its permit included as a Permit) and shall include evidence of

eligibility. The Board shall, in its reasonable discretion, determine whether the applicant shall be admitted as a Member of the Sector and/or its permit included as a Permit. Notwithstanding the foregoing, (i) no such admission shall be effective until such new Member has agreed in writing to be bound by, and to cause its Permit and Participating Vessel to comply with, the terms of this Agreement, and until the provisions of this Agreement shall have been amended or modified to reflect such additional Member, Permit and/or Participating Vessel and (ii) the Board shall not admit any applicant whose fishing history would cause the aggregate fishing history of all of the Members of the Sector (inclusive of such applicant's fishing history) to exceed the maximum percentage allocated to the Sector under 50 CFR 648.87 for the fishing year in which the applicant seeks to be admitted.

Section 2.05. Permit Transfers. Each Member agrees that so long as it is a party to this Agreement, such Member (i) shall not have the authority to sell, lease or transfer the ownership of its Permit to a party that is not or does not agree in writing to be bound by this Agreement for the remainder of the fishing year in which such sale, lease or transfer is to occur, (ii) shall not transfer, lease or assign any DAS allocated to its Permit by NMFS to any non-Sector permit, and (iii) shall comply with the right of first refusal provisions of Section 2.08 hereof prior to the consummation of any proposed sale, lease or transfer permitted hereunder. To the extent that a Member sells, leases or transfers its Permit to another individual or entity (a "Transferee") in compliance with the foregoing sentence, then (a) such Transferee shall only be permitted to participate in the Sector for the remainder of the fishing year in which the transfer occurred (the "Transfer Year") and (b) prior to the commencement of the fishing year immediately following the Transfer Year, the Transferee must apply for admission to the Sector pursuant to the provisions of Section 2.04 hereof in order to be admitted to the Sector as a Member. For the avoidance of all doubt, for the purposes of calculating a Member's Commitment Period under Section 2.03 hereof, no portion of a Transfer Year shall be included in such calculation.

Section 2.06. Membership Dues. The Sector may, to the extent necessary for the payment of the costs and expenses associated with the administration and management of the Sector (including the payment of the Manager's salary), require the payment by the Members of annual membership dues and/or poundage fees. Such annual membership dues and/or poundage fees shall be fixed by resolution of the Board prior to the commencement of the applicable fishing year or at such other time as the Board may deem necessary or appropriate.

Section 2.07. Substitutions. Notwithstanding anything to the contrary in this Agreement, including, specifically, Section 2.03 hereof, prior to the commencement of any upcoming fishing year during a Member's Commitment Period, a Member may seek to substitute its existing Permit and the related Participating Vessel with another permit that meets the eligibility requirements set forth in Section 1.01 hereof ("Substituted Permit") and such Substituted Permit's related vessel ("Substituted Vessel"). Such application shall be made in writing no later than 120 calendar days prior to the first day of the fishing

year for which the applicant seeks to substitute its Permit and Participating Vessel with the Substituted Permit and Substituted Vessel, and shall include evidence of the Substituted Permit's eligibility. The Board shall, in its reasonable discretion, determine whether the substitution shall be permitted; provided, that the Board shall not permit any substitution that would cause the aggregate fishing history of all of the Members of the Sector (inclusive of the Substituted Permit's fishing history) to exceed the maximum percentage of the GB cod total allowable catch authorized to be allocated under the Framework Adjustment to the Sector for the fishing year in which the substitution is to occur. If the Board shall have approved the substitution, then the Substituted Permit and Substituted Vessel shall, as of the first day of the fishing year for which the substitution has been approved, be considered such Member's "Permit" and "Participating Vessel" hereunder, subject to all of the terms and conditions of this Agreement, as the same may be amended. By seeking such substitution, a Member hereby agrees to cause its Substituted Permit and Substituted Vessel to comply with the terms and conditions of this Agreement, as the same may be amended.

Section 2.08. Right of First Refusal. In the event that any Member (a "Transferring Member") at any time proposes to sell, transfer or lease (a "Transfer") its Permit to any proposed Transferee who shall make a good faith, bona fide written offer therefore (a "Bona Fide Offer"), then the Transferring Member shall first deliver to the Sector a written notice ("First Refusal Notice") that the Transferring Member proposes to make such Transfer, which First Refusal Notice shall (i) state the identity of the prospective Transferee, (ii) state the amount of consideration for the Permit and the material terms and conditions upon which the proposed Transfer is to be made (the date on which the Sector receives the First Refusal Notice being the "First Refusal Notice Date"), (iii) represent that the Bona Fide Offer is an actual bona fide offer, and (iv) include a copy of any written proposal, letter of intent or other agreement relating to the Bona Fide Offer. The Sector shall have a period of 5 calendar days following the First Refusal Notice Date (the "Election Period") in which to elect to purchase or lease the Permit at the price and subject to the same material terms and conditions set forth in the First Refusal Notice. The Sector shall exercise its right to purchase or lease such Permit by delivering a written notice ("Election Notice") to the Transferring Member within the Election Period. In the event that the Sector desires to purchase the Permit, then the parties shall schedule a closing for the payment for, and the delivery of, the Permit, which shall be no later than 90 calendar days after the First Refusal Notice Date. The Transferring Member agrees to enter into and deliver an agreement for the benefit of the Sector, containing standard and customary representations, warranties, covenants and indemnities by the Transferring Member for the benefit of the Sector. If the Sector has not elected to purchase the Permit within the Election Period, then the Transferring Member is free to Transfer the Permit to the Transferee; provided that such Transfer is on the terms and conditions specified in the First Refusal Notice. If the proposed Transfer is not consummated within 90 calendar days following the termination of the Election Period, the Transferring Member may not Transfer the Permit without complying again with all the provisions of Section 2.05 and this Section 2.08.

Article III. ADMINISTRATION

Section 3.01. Sector Manager. The Board of Directors (the “Board”) of the Sector shall appoint a manager of the Sector (the “Manager”), which Manager shall have the authority to manage the day-to-day business of the Sector and to act as its designated agent for service of process.

Section 3.02. Manager Authority. The Manager shall have the authority (i) to monitor the activities of the Members and the Participating Vessels and to take such other actions as may be necessary to ensure compliance by the Members and their Permits and Participating Vessels with this Agreement and other Sector requirements as may be adopted under the terms of this Agreement or the Sector’s Bylaws, as well as applicable laws, rules and regulations, and (ii) subject to the authority of the Board or a committee delegated thereby pursuant to Section 3.03 of this Agreement, the Sector’s Bylaws or any other agreement relating to the Sector’s internal governance, to enforce this Agreement, including specifically, without limitation, the authority to impose penalties set forth in the Schedule of Penalties (as hereinafter defined). The Manager shall also act as the liaison between NMFS and the Sector.

Section 3.03. Infractions Committee. The Board shall appoint an infractions committee (the “Committee”) to ensure fair, consistent and appropriate enforcement of this Agreement, the Harvesting Rules, the DAS (as hereinafter defined) requirements set forth on Exhibit B hereto, the Plan, the Framework Adjustment and other Sector requirements as may be adopted under the terms of this Agreement or the Sector’s Bylaws. The Committee shall annually prepare and recommend to the Board for its approval a schedule of penalties, which shall be similar in form to Exhibit A hereto (the “Schedule of Penalties”), for any unauthorized fishing activities (whether under applicable laws, rules and regulations or otherwise) and for violations of this Agreement, the Harvesting Rules, the DAS (as hereinafter defined) requirements set forth on Exhibit B hereto, the Plan, the Framework Adjustment and other Sector requirements as may be adopted under the terms of this Agreement or the Sector’s Bylaws. The Board shall review and approve any Schedule of Penalties prepared and recommended by the Committee prior to the commencement of the fishing year for which such Schedule of Penalties has been prepared. In addition, the Committee, on its own or at the request of a Manager or Member pursuant to Section 3.04 hereof, shall have the authority to take any number of enforcement measures against the Members for the non-payment of membership dues and/or poundage fees. Such enforcement measures may include requesting expulsion of the violating Member under Section 7.02 and issuing a “stop fishing” order against such Member.

Section 3.04. Procedures for Investigations. In addition to the Manager’s authority to invoke penalties under the Schedule of Penalties pursuant to Section 3.02 hereof, the Manager may, on his own, and shall, at the request of a Member, request that the Committee conduct an investigation of possible infractions of the Agreement, the Harvesting Rules, the Plan, the Framework Adjustment or other Sector requirements as may be adopted under

the terms of this Agreement or the Sector's Bylaws, by calling a meeting of the Committee and presenting it with the information that is the basis for the Manager's or Member's opinion that an infraction occurred. The Committee shall operate as a "blind" committee, such that the identity of the Member, Permit and/or Participating Vessel under consideration shall only be known to the Manager. The Committee shall assign a number of its members, which constitutes no more than 50% of the Committee, to investigate the matter further and to recommend action, if any, to the full Committee. Such Committee member assignments shall be rotated. If, upon the conclusion of such investigation, the Committee determines by an affirmative vote of a majority (51%) of its members that a violation of this Agreement, the Harvesting Rules, the Plan, the Framework Adjustment or other Sector requirements (as may be adopted under the terms of this Agreement or the Sector's Bylaws) has occurred, it may, and is hereby given the authority to (in addition to the imposition of any penalties prescribed in the Schedule of Penalties), invoke sanctions, ranging from letters of warning to reductions in allocation of days-at-sea allotted ("DAS") to the Member, its Permits and its Participating Vessels by the Sector, or issue stop fishing orders. The Committee shall exercise all reasonable efforts to ensure that penalties and settlements are commensurate with the nature and extent of the violation, are designed to further the purposes of the Plan, the Framework Adjustment and Amendment 13 and are uniform with those reached in similar circumstances. All appeals from such Committee action shall be taken in accordance with Section 6.04 hereof. Each of the Members agrees to cooperate fully with the Manager and the Committee in such investigations and procedures (including cooperation with any requests for information or data that may be made by the Manager or the Committee).

Section 3.05. Annual Report. The Manager shall prepare and submit to the Council and NMFS an annual year-end report on the fishing activities of its Members, including the harvest levels of all Participating Vessels for cod and other federally-managed limited access groundfish species, any enforcement actions taken against the Members, their Permits or Participating Vessels, and other information necessary to evaluate the Sector's performance.

Article IV. ALLOCATION

Section 4.01. Annual Distribution. Each Member hereby acknowledges and agrees that the aggregate allocation of GB cod authorized by the Framework Adjustment and NMFS to the Sector (the "Aggregate Allocation") shall be harvested in accordance with the Harvesting Rules, which are set forth as Exhibit C hereto, and the requirements as to DAS set forth on Exhibit B hereto. Each Member agrees to, and agrees to cause its Participating Vessels to, exercise all commercially reasonable efforts to (i) assist in harvesting an amount of GB cod equal to, but not greater than, the Aggregate Allocation, as further set forth on Exhibit C, and (ii) to comply with all of the other Sector requirements set forth on Exhibit B and Exhibit C hereto. If the Board determines that the Aggregate Allocation may not be fully harvested in any fishing year, the Board shall, subject to the provisions of Section 4.02, redistribute the Aggregate Allocation, through DAS, monthly quota targets or otherwise, to ensure that the Aggregate Allocation is fully harvested. In addition, to the extent that the

Aggregate Allocation is adjusted upward or downward after the commencement of any fishing year, whether by the authority of NMFS, by framework adjustment or by other regulatory action, the Board shall have the authority to redistribute the adjusted Aggregate Allocation through DAS, monthly quotas or otherwise, to ensure that the adjusted Aggregate Allocation is properly harvested by the Members

Section 4.02. Reserve. Each Member agrees that the Board may, in its sole discretion, establish a reserve of GB cod in order to ensure that the Sector remains in compliance with its Aggregate Allocation limit; provided, however, that such reserve shall not exceed ten percent (10%) of the Aggregate Allocation. The amount of the reserve shall be deducted from the Aggregate Allocation before such Aggregate Allocation is distributed among the Members, their Permits and their Participating Vessels through DAS, monthly quota targets or otherwise.

Section 4.03. Distribution of Reserve. If the Board, subsequent to the establishment of a reserve pursuant to Section 4.02 hereof, determines that the Aggregate Allocation, as adjusted pursuant to Section 4.02, will be fully harvested by the Participating Vessels, the Board shall release and authorize the harvesting of the reserve by the Members, their Permits and their Participating Vessels.

Section 4.04. Fishing History in Sector. The Members agree that any fishing history, which is accumulated or established by a Member's Permit while it is participating in the Sector (the "Sector History"), shall be attributed to such Member's Permit, and not to any other permits. Notwithstanding the foregoing, the Members further agree that any future allocations of GB cod made within the Sector shall be based on the fishing history of the Members' Permits that is accumulated during the Qualifying Period, and shall not be based on such Permits' Sector History.

Section 4.05. Non-Prejudicial. It is the intent of the Members that the fishing history and DAS allocation of any Member's Permit during the Qualifying Period, as reported to NMFS prior to joining the Sector, shall not be diminished or penalized as a result of participation in the Sector in lieu of participation in the multispecies DAS program.

Article V. CATCH MONITORING AND VERIFICATION; CERTAIN OTHER MEMBERSHIP REQUIREMENTS

Section 5.01. Participating Vessel Catch Reports. To enable each Member and the Sector to monitor the Members' compliance with this Agreement, each Member agrees to report each of its Participating Vessels' entire catch on a landing-by-landing basis, by providing the Manager with a copy of the official Vessel Trip Report or other reporting document authorized by NMFS within 48 hours of offloading fish in the form and manner prescribed by the Manager. The Members agree that these records shall be maintained by the Manager. The Manager shall, upon the request of any Member, provide such Member with the Sector's aggregate catch information that is generated

from such records. The Manager shall, on a monthly basis, transmit to NMFS such Vessel Trip Reports (or other document authorized by NMFS), together with the aggregate catch information generated from such reports ("Aggregate Reports"). After 90% of the Sector's Aggregate Allocation has been harvested, the Manager shall provide NMFS with Aggregate Reports on a weekly basis.

Section 5.02. Dealer Reporting. Each Member agrees to (i) sell the catch of its Participating Vessels only to a dealer licensed under the Plan by NMFS and (ii) cause any such dealer to provide the Manager with a copy of the official dealer weigh out slip or other official reporting document required by NMFS on a weekly basis. Each Member further acknowledges and agrees that (a) it is responsible for ensuring timely dealer reporting in accordance with the provisions of this Section 5.02 and (b) failure of the dealer to timely deliver the reports for a Member's Participating Vessel in accordance with this Section 5.02 shall be deemed a breach of this Agreement by such Member.

Section 5.03. Catch Verification. The Manager (or his designated agent) shall, and each Member (or its designated agent) shall ensure that the Manager does compare, verify and validate each Participating Vessel's catch records with the dealer reports for such Participating Vessel on a continuing and frequent basis. If the Manager identifies a discrepancy, he shall immediately notify the affected Member and seek to resolve the discrepancy. If the Manager is unable to satisfactorily reconcile the catch records, he shall notify the Committee of the discrepancy for its consideration and resolution. Each Member further agrees to cooperate fully with any requests for information or data that are made by the Manager or the Committee in an effort to resolve such discrepancy.

Section 5.04. Designated Landing Ports. To enable the Members and the Manager to monitor, observe and verify catches, each Member agrees that each of its Participating Vessels will only offload fish in the designated ports of Aunt Lydia's Cove, Chatham; Stage Harbor, Chatham; Saquatucket Harbor, Harwich; Allens Harbor, Harwich; and Wychmere Harbor, Harwichport.

Section 5.05. Landing Port Exceptions. Landings in ports other than those listed in Section 5.04 hereof are permitted on a temporary, case-by-case basis, subject to prior approval of the Manager; provided, that the Manager determines that the excepted landing will not impair effective enforcement and monitoring of the Sector and this Agreement. Such exceptions may be granted in the sole discretion of the Manager. The Manager shall report to NMFS any landing port exceptions that are of a significant or prolonged nature.

Section 5.06. Observed Offloading. Each Member agrees that, in order to enhance the monitoring and enforcement of the provisions in this Agreement, the Manager may timely request that an observer be present during offloading operations. If such a request is made, each Member agrees not to permit its Participating Vessels to offload fish until the Manager or his designee is present.

Section 5.07. Advanced Notice of Offloading. If appropriate or necessary for purposes of quota monitoring or Sector efficiency, the Members'

Participating Vessels may be required to notify the Manager prior to offloading fish.

Section 5.08. Proof of Sector Membership. Each Member agrees that its Participating Vessels shall maintain on-board at all times while fishing for groundfish a Letter of Authorization from NMFS verifying such Participating Vessels' participation in the Sector, except when such Participating Vessels are fishing as charter/party vessels pursuant to Section 5.12 hereof.

Section 5.09. Gear Restrictions. Each Member agrees that its Participating Vessels shall not fish for GB cod with any gear other than jigs, non-automated demersal longline, handgear or gillnets.

Section 5.10. Area Restrictions. Each Member agrees that it shall not fish commercially with gear that is capable of harvesting GB cod or other groundfish species managed under the Plan outside the area (the "Area") identified in the Harvesting Rules set forth in Exhibit C hereto.

Section 5.11. Operators. Each Member agrees to ensure that any operators of its Participating Vessels fully comply with the obligations and restrictions set forth in this Agreement. Each Member further agrees to accept responsibility hereunder for the actions of any such operators that result in a violation of this Agreement.

Article VI. ENFORCEMENT

Section 6.01. Agreement Enforcement. Each Member agrees that the Sector, by or through its representatives, and/or any other Member may enforce this Agreement on behalf of the Sector and/or its Members. Each Member agrees to take all actions and to execute all documents necessary or convenient to give effect to the enforcement procedures contemplated by this Agreement, the Harvesting Rules and any Schedule of Penalties.

Section 6.02. Restrictions on Fishing Activity. The Members acknowledge that a violation of this Agreement or applicable federal fishery regulations by one or more Members (or the Members' Permits, Participating Vessels or Participating Vessels' operators, if any) that causes the Sector to exceed its Aggregate Allocation could subject the Sector and its Members to joint and several liability to NMFS for fishing violations. The Members further acknowledge and agree that monetary penalties could be inadequate recourse under such circumstances. Therefore, the Members acknowledge and agree that each of them will (and will cause their Permits, Participating Vessels and Participating Vessels' operators, if any, to) comply with a "stop fishing" order from the Sector, which shall be issued by the Board, the Manager or the Committee, and each of the Members further agrees that if any Member (or its Permits, its Participating Vessels or the Participating Vessels' operators) fails to comply with such order, the Sector shall have the authority to obtain an injunction, restraining order or other equivalent form of equitable relief to give effect to such "stop fishing" order.

Section 6.03. Penalties for Violations. Any penalties that are imposed upon a Member by the Sector pursuant to the terms of this Agreement shall be in addition to, and not in lieu of, any other potential state or federal penalty that may be imposed upon such Member.

Section 6.04. Appeal from Committee Decision. If the Committee (i) has determined, pursuant to the procedures set forth in Section 3.04 hereof, that a Member has violated this Agreement or (ii) makes any other determination with respect to a Member under this Agreement (including, specifically, without limitation Section 5.03 hereof), such violating Member shall have five business days following the date of the Committee's determination to request reconsideration of the enforcement or other action and/or propose an alternative form of penalty. Such request shall be made in writing and shall be addressed to the Board. The Board may, in its sole discretion, grant or deny any request for reconsideration and may, in its sole discretion, approve or disapprove any alternative form of penalty; provided, that the Board shall exercise all reasonable efforts to ensure that penalties and settlements are commensurate with the nature and extent of the violation, are designed to further the purposes of the Plan, the Framework Adjustment and Amendment 13 and are uniform with those reached in similar circumstances.

Section 6.05. Penalties and Attorneys' Fees. Penalties for any violations of this Agreement shall, to the extent addressed in the Schedule of Penalties, be limited to the amounts set forth on the Schedule of Penalties plus all costs, fees and expenses, including attorneys fees, incurred by the Sector or, in a case in which the Sector does not take enforcement action, by the Members bringing such action, in enforcing the provisions of this Agreement. To the extent the Schedule of Penalties addresses such matter, the Members and the Sector hereby waive any claims to actual, direct, or indirect damages, and instead agree that payment of the amounts set forth on the Schedule of Penalties and costs of enforcement shall be their sole remedy for breaches of this Agreement. In connection with any legal proceeding related to this Agreement, the non-prevailing party shall pay the prevailing party's reasonable costs and attorney's fees associated with the proceeding.

Section 6.06. Application of Penalties, Fines and Damages. All penalties, fines and/or other damages paid to the Sector shall, first, be applied to the cost of enforcement of such violations and, second, any remaining amounts shall be applied to the costs and expenses of the administration, management and preservation of the Sector. Any funds remaining after the application of the foregoing sentence shall be used to further research into efficient management of groundfish stocks for the benefit of the resource and those that harvest the resource.

Section 6.07. Dispute Procedures. Notwithstanding the provisions of Section 6.01 hereof, prior to instituting any litigation or other dispute resolution, the parties shall follow any applicable procedures set forth in this Agreement, including specifically Sections 3.04, 6.04 and 7.02, for the resolution of such dispute. Any appeals taken with respect to any dispute that arises in connection with this Agreement shall be taken in the federal district

court in Boston, Massachusetts or, if said court does not have jurisdiction, in such courts in the Commonwealth of Massachusetts that do have jurisdiction.

Section 6.08. Specific Performance. In furtherance and not limitation of Section 6.02 hereof, each of the Members and the Sector shall have the right to have any provision of this Agreement specifically enforced, through injunction, restraining order or other form of equitable relief.

Section 6.09. Indemnification. Each party that violates this Agreement (the “Indemnitor”) hereby severally agrees to indemnify, defend and hold harmless the other parties hereto (each, an “Indemnatee”) in respect of their respective Losses; provided, that such Losses result or arise from a third party claim or governmental proceeding brought against or involving the Indemnatee, which is based on or relates to such Indemnitor’s (or its Permits’, its Participating Vessels’ or such Participating Vessels operators’, if different from such Indemnitor) (i) violation of applicable laws, rules or federal fishery regulations or (ii) breach of any covenant, agreement or obligation contained in this Agreement, the Harvesting Rules or other Sector requirements as may be adopted under the terms of this Agreement or the Sector’s Bylaws. The indemnification obligations of the parties hereto shall be several and not joint and several. For the purposes of this Section 6.09, “Losses” shall mean any and all claims, liabilities, obligations, judgments, liens, injunctions, charges, orders, decrees, rulings, damages, dues, assessments, taxes, losses, fines, penalties, expenses, fees, costs, amounts paid in settlement (including reasonable attorneys’ and witness fees and disbursements in connection with investigating, defending or settling any action or threatened action) arising out of any claim, complaint, demand, cause of action, action, suit or other proceeding asserted or initiated or otherwise existing. The obligations under this Section 6.09 shall survive the termination of this Agreement and the expulsion of any Member pursuant to Article VII.

Article VII. EXPULSION OF MEMBERS

Section 7.01. Cause. The Members agree that any Member, its Permits and/or its Participating Vessels may be expelled from the Sector if (i) the actions of such Member and/or its Participating Vessels (or the Participating Vessels’ operators) seriously undermine and threaten the existence of the Sector, (ii) the actions of such Member and/or its Participating Vessels (or the Participating Vessels’ operators) have exposed other Members of the Sector to monetary penalties and/or legal actions, (iii) such Member has been convicted of a serious crime, or (iv) such Member has not paid its membership dues and/or poundage fees as required by Section 2.06.

Section 7.02. Procedure. Any Member, the Committee or the Manager may submit to the Board a request to have a Member, its Permits and/or its Participating Vessels expelled from the Sector (the “Expulsion Request”). Such Expulsion Request shall be in writing and shall include an explanation of the basis for expulsion. The Board shall vote on such Expulsion Request within fourteen (14) days of receipt of such Expulsion Request. The affirmative vote of three-fourths (75%) of the members of the Board shall be required in order to

expel a Member, its Permits and/or its Participating Vessels. Expulsion shall be effective immediately upon the receipt of the requisite vote by the Board. As required by 50 CFR Part 648.87 or any substitute or successor provision, a Member, its Permits and/or its Participating Vessels expelled during any fishing year may not fish outside of the Sector under a multispecies DAS program during the remainder of such fishing year. Upon expulsion of any Member, its Permits and/or its Participating Vessels, the Manager shall immediately notify NMFS via certified mail that the Member's Permits and/or Participating Vessels are no longer included in the Sector.

Article VIII. TERM/TERMINATION

Section 8.01. This Agreement takes effect upon the approval hereof by the Regional Administrator in accordance with 50 CFR Part 648.87 and terminates on the last day of the 2007 fishing year (the "Term"). The Term of this Agreement may be extended by the written consent of the Members. Such written consent to extend the Term of this Agreement shall be given 20 calendar days in advance of the date by which the Sector's Operations Plan and Agreement for the upcoming fishing year must be submitted to NMFS. Notwithstanding the foregoing, if NMFS shall not approve the Sector's Operations Plan and Agreement, as the same may be amended, for any fishing year during the Term or any extension thereof, then this Agreement shall terminate on the last day of the last fishing year for which the Sector's Operations Plan and Agreement shall have received approval from NMFS.

Article IX. MISCELLANEOUS

Section 9.01. Entire Agreement. This Agreement, including the Exhibits hereto, the Schedule of Penalties and any other documents incorporated by reference herein, constitutes the entire agreement among the parties and supersedes any prior understandings, agreements, or representations by or among the parties, written or oral, to the extent they related in any way to the subject matter hereof.

Section 9.02. Succession and Assignment. This Agreement and all of the provisions hereof shall be binding upon and inure to the benefit of the parties and their respective successors and permitted assigns, but neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any party, including by operation of law, without the prior written consent of the Manager, such consent not to be unreasonably withheld or delayed, nor is this Agreement intended to confer upon any person except the parties hereto any rights, interests, benefits, obligations or remedies hereunder. Any assignment in contravention of this Agreement shall be null and void.

Section 9.03. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

Section 9.04. Notices. All notices, requests, demands, consents, claims and other communications hereunder shall be deemed duly given (i) one

business day following the date sent when sent by overnight delivery, (ii) five business days following the date mailed when mailed by registered or certified mail return receipt requested and postage prepaid, and (iii) upon delivery confirmation when sent by facsimile, at the contact information provided by each such Member to, and maintained by, the Manager.

Section 9.05. Governing Law. This Agreement shall be governed by and construed in accordance with federal fisheries laws and, to the extent that federal fisheries laws do not apply, with the domestic laws of the Commonwealth of Massachusetts without giving effect to any choice of law provision or rules (whether of Massachusetts or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the Commonwealth of Massachusetts.

Section 9.06. Change in Law. If and to the extent that any laws or regulations that govern any aspect of this Agreement shall change, so as to make any aspect to this Agreement unenforceable, then the parties agree to make such modifications to this Agreement as may be reasonably necessary for this Agreement to accommodate any such legal or regulatory changes, without materially changing the overall benefits or consideration expected hereunder by the parties.

Section 9.07. Consent to Jurisdiction and Venue. Subject to and without limiting the dispute resolution procedures set forth in Article VI, each of the Members consent to the exclusive jurisdiction and venue of the federal district court in Boston, Massachusetts or, if said court does not have jurisdiction, in such courts in the Commonwealth of Massachusetts that do have jurisdiction, for adjudication of any suit, claim, action or other proceeding at law or in equity relating to this Agreement. Each of the Members accepts, generally and unconditionally, the exclusive jurisdiction and venue of the aforesaid courts and waives any objection as to venue, and any defense of *forum non conveniens*.

Section 9.08. Amendments and Waivers. No amendment of any provision of this Agreement shall be valid unless the same shall be in writing and signed by each of the Members.

Section 9.10. Severability. Any term or provision of this Agreement that is held invalid or unenforceable in any situation shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation.

Section 9.11. Expenses. Except as otherwise provided herein, each of the members shall bear its own costs and expenses (including legal and accounting fees and expenses) incurred in connection with this Agreement.

Section 9.12. Incorporation of Exhibits and Other Documents. The Exhibits and Schedule of Penalties identified in this Agreement are incorporated herein by reference and made a part hereof.

IN WITNESS WHEREOF, the undersigned parties have executed this Agreement as of the date first written above.

EXHIBIT A

GB Cod Fixed Gear Sector Penalty Schedule			
VIOLATION	FIRST	SECOND	THIRD
VIOLATIONS REGARDING PERMITS, REPORTING, DOCUMENTATION, EXEMPTION PERMIT REQUIREMENTS			
All Violations including but not limited to: providing false statements or supporting documentation on applications or reports to the Sector; late or non-reporting; failure to comply with a permit condition/ restriction/ letter of authorization or exemption issued by the Sector; providing false statements or failing to comply with VMS/DAS requirements (technical and minor violations may result in a letter of warning).	Up to \$5,000 (and/or stop fishing order)	\$5,000-\$15,000 (and/or stop fishing order)	\$20,000- (and/or stop fishing order)
VIOLATIONS REGARDING TIME AND AREA RESTRICTIONS			
All violations including, but not limited to: exemption areas, closed fisheries, closed seasons, restricted gear/management areas and Days at Sea violations.	Up to \$50,000 (stop fishing order for 30 days)	\$50,000-\$100,000 (unable to fish for the remainder of the fishing year)	Expulsion
VIOLATIONS THAT PLACE THE SECTOR AGREEMENT AT RISK			
All violations including but not limited to a violation of a stop order, fishing in a closed area, transfer of fish from a non-sector vessel to a sector vessel, subverting the reporting requirements (misappropriating landings) or any other action which could cause the Authorized Georges Bank Cod Fixed Gear Sector Allocation to be in violation of its agreement.	Up to \$50,000 (loss of fishing rights for 365 days)	Expulsion	
VIOLATIONS REGARDING MEMBERSHIP COMMITMENT			
Violation of 50 CFR Part 48 or failing to remain in the Sector for the Commitment Period (i.e., breach of Section 2.03 of the Agreement).	\$10,000	N/A	N/A

EXHIBIT B

GB Cod Fixed Gear Sector

EXHIBIT C

HARVESTING RULES
Fishing Year 2008-2009
GB Cod Fixed Gear Sector

The Members and the Participating Vessels of the Sector agree to be legally bound to follow the Harvesting Rules for the fishing year 2008-2009 as described herein, notwithstanding those rules and regulations applicable to common pool Multispecies vessels.

1. Aggregate Sector allocation: GB cod TAC (**insert poundage**): The Members agree that they will not collectively harvest more GB cod than the Sector TAC and that once the annual TAC is reached no Member will fish commercially with any fishing gear capable of catching GB cod or other species managed under the Plan.

2. Monthly Quota Targets: Commencing May 2008, 8.33% of the Sector's cod will be allocated to each month of the fishing year (see Table below). Quota that is not landed during a month will be rolled over into the next month. Once the aggregate monthly quota is reached, no Participating Vessel will be authorized to use fishing gear capable of catching GB cod or other species managed under the Plan. All cod harvested by Members and Participating Vessels shall be considered GB cod for the purposes of the Operations Plan and Agreement.

	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March	April
%	8.3	16.7	25.0	33.3	41.7	50.0	58.3	66.6	75.0	83.3	91.6	100.0

3. Weekly cod quota targets: In addition to the monthly quota targets, the Manager may impose weekly or trip target quotas to slow down harvest rates. If such target quotas are imposed, Sector Members agree to adjust their fishing operations to avoid exceeding these quotas.

4. Days-At-Sea ("DAS"): Each participating Permit and Participating Vessel be allocated DAS by the Regional Administrator through Amendment 13, as set forth on Exhibit B to the Agreement. This DAS allocation will be considered the Sector's DAS allocation to individual Members. Members will be required to use an "A," "B Regular," or "B Reserve," DAS when conducting fishing operations.

5. Sector Call-In: Each Participating Vessel must notify the Manager or his designated representative prior to departing from port when using fishing gear capable of catching GB cod.

6. DAS Pooling: Participating Vessels and/or Permits may redistribute or pool DAS to other Participating Vessels and/or Permits, provided that the Manager has given his prior written consent to such redistribution or pooling. The Manager shall notify NMFS within 3 calendar days of any such redistribution or pooling. A Participating Vessel and/or Permit may not transfer or lease DAS to any non-Sector vessel and/or permit during the fishing year in which the Participating Vessel and/or Permit is enrolled in the Sector.

7. Full retention: All legal size GB cod harvested during any fishing operation must be retained and counted against the Sector's Aggregate Allocation.

8. Species Trip Limits: Except for GB cod, participating vessels shall be subject to any trip limits imposed by the National Marine Fisheries Service for species managed under the Plan.

9. Gear Restrictions: No Participating Vessel may fish for GB cod with any gear other than jigs, non-automated demersal longline, handgear, or gillnets. While participating in the Georges Bank seasonal closure (May 1 through 31) vessels must use hook gear to target cod or other regulated species managed under the Plan. All Participating Vessels are subject to the same gear restrictions on marking, tagging, mesh size, and number of gillnets applicable to common pool vessels using the same type of gear. In addition, when fishing with hooks all hooks must be 12/0 circle hooks. A "circle hook" is defined as a hook with the point turned back towards the shank and the barbed end of the hook is displaced (offset) relative to the parallel plane of the eyed-end, or shank of the hook when laid on its side. Participating Vessels are exempt from the 3,600 hook limit. When monk fishing with gillnets, all participating vessels must use a 10 inch minimum mesh.

10. GB Seasonal Closure/Spawning Season Restrictions: Participating Vessels are not required to adhere to the seasonal closure on Georges Bank (May 1 through May 31) but must use hook gear to target cod or other regulated species managed under the Plan. However, Participating Vessels must continue to comply with the Spawning Season Restrictions. The 20 day spawning block (March-May) will remain in effect in accordance with NMFS regulations.

11. Closed Areas: Participating Vessels may fish in closed areas to the extent authorized by NMFS.

12. Operating Area: Participating vessels are restricted to fishing in the designated fishing area when using fishing gear capable of catching GB cod or any regulated species managed under the Plan. The definition of the management area is the GB Cod Hook Sector Area. The geographic boundaries of the management area are defined as straight lines connecting the following waypoints (except for the east-facing shoreline of the U.S.): (1) 70°00' W latitude and the east facing shoreline of Cape Cod, MA; (2) 70°00' W latitude and 42°20' N longitude; (3) 42°20' N longitude and 67°18.4' [the U.S. Canada Maritime Boundary]; (4) follow the U.S. EEZ boundary south to 39°00' N longitude; (5) 39°00' N longitude and 71°40' W latitude; (6) 71°40' W latitude and the south-facing shoreline of Rhode Island.

13. Prorating of DAS and Landings: Members and their Participating Vessels that use a DAS (including while engaged in an approved exempted fishing permit) prior to the effective date of the Agreement under Article VIII thereof shall have such DAS usage deducted from such Members' individual DAS allocation set forth on Exhibit B hereto, for purposes of the DAS restrictions described in paragraph 3 of this Exhibit C. All GB Cod caught by said Participating Vessels shall be deducted from the Fixed Gear Sector's Aggregate Allocation of GB Cod. The Manager and/or other Fixed Gear Sector management would consult with NMFS as to NMFS' crediting of all GB Cod landings against the Fixed Gear Sector's Aggregate Allocation.